



**Submission to Screen Australia's draft funding guidelines for documentary programs**

17 July 2014

## **Introduction**

The Australian Subscription Television and Radio Association (ASTRA) welcomes the opportunity to comment on Screen Australia's draft funding guidelines for its documentary programs ('the Draft Guidelines').

## **About ASTRA**

ASTRA is the peak industry body for subscription television (STV) in Australia. ASTRA was formed in September 1997 when industry associations representing subscription (multichannel) television and radio platforms, narrowcasters and program providers came together to represent the new era in competition and consumer choice. ASTRA's membership includes the major STV operators, as well as over 20 independently owned and operated entities that provide programming to these platforms, including Australian-based representatives of international media companies, small domestic channel groups and community-based organisations. In 2012-13, STV invested around \$700 million in Australian content production, employing 6600 Australians and adding \$1.6 billion to the Australian economy.

## **General comments on the Draft Guidelines**

ASTRA welcomes a number of the reforms to Screen Australia's approach to documentary funding as proposed in the Draft Guidelines. Overall, ASTRA considers Screen Australia has taken some significant steps towards a more open and competitive process for accessing Screen Australia documentary funding, and has recognised the increasing importance of platforms beyond traditional free-to-air (FTA) broadcasters for reaching Australian documentary audiences.

In particular, ASTRA strongly supports:

- focusing Screen Australia decision making on the principles of quality, diversity and innovation;
- discontinuing the notional broadcaster funding split;
- removing the requirement for minimum broadcaster licence fees in relation to the proposed 'Vision and Voice' and 'Meaning and Market' funding programs; and
- the potential for extending the use of grants rather than recoupable investments.

However, ASTRA is disappointed that minimum licence fee thresholds would continue to apply to the proposed 'Premium Documentary Program', particularly given this program is intended to fund 'high-end', commercially risky projects.

ASTRA also notes that it is very important that minimum budget levels for the proposed new suite of documentary production programs be set carefully, and that overall allocations of funding to each program ensure that there is an appropriate pool of funds for lower-budget productions.

Certain formats can deliver very compelling viewing – such as single episode interview-based stories that rely heavily on archive footage – without requiring large budgets. These types of productions, often presented by small producers, should be bolstered by Screen Australia funding notwithstanding their modest overall budget. This can be done by ensuring an appropriate pool of money is available for these projects, not just more resource-intensive productions. In this regard Screen Australia might also reconsider its proposed position that the Producer Equity Program will not be accessible in conjunction with other Screen Australia funding.

Finally, as set out below, ASTRA notes some concern with prescriptive funding decision criteria that could lead to undue editorial focus on projects by Screen Australia. ASTRA supports simpler criteria which provide for oversight but place the focus on supporting projects that the applicant has shown are likely to resonate the viewing public.

## **Comments on specific aspects of the Draft Guidelines**

ASTRA provides the following comments on specific aspects of the Draft Guidelines:

### **Focus on supporting ‘stories that matter’**

ASTRA supports the proposed approach outlined in the Draft Guidelines regarding the general criteria that should be applied by Screen Australia in its funding decisions, with a focus on the principles of quality, diversity and innovation. As ASTRA stated in its submission to the Discussion Paper, the merits of the proposed program should be paramount in Screen Australia’s funding decision making.

ASTRA notes that the Draft Guidelines characterise ‘stories that matter’ as those “...likely to resonate with audiences; they will have meaning that can endure beyond the moment of broadcast (or download or streaming); should draw on a depth of research or thinking about the subject matter; and rely on documentary craft and skills.”<sup>1</sup> ASTRA generally supports this characterisation – as stated in our Discussion Paper submission the primary focus of Screen Australia’s funding programs should be supporting and promoting the development of high quality, innovative documentaries that audiences want, with the long-term objective that such documentaries continue to be made by a diverse range of industry participants. STV is particularly well placed to meet audience demand with targeted genre-based channels such as The History Channel catering to niche audience demographics that are well defined and understood. These channels are broadcast nationally and are carefully curated to resonate with the subscribers to whom they are targeted.

We reiterate our position in the Discussion Paper that a sophisticated and nuanced approach is required when considering the ‘audience’ for a particular documentary. To this end, we strongly support Screen Australia’s multi-layered approach enabling applicants to demonstrate ‘pathways to audience’ for a particular project proposal.

### Foreign formats

ASTRA notes that under the Draft Guidelines, projects based on foreign formats would not be eligible for Screen Australia funding.<sup>2</sup> Currently, preference is given to original Australian content over foreign formats in relation to the General Documentary Program (GDP) and International Documentary Program (IDP), with foreign formats excluded from the National Documentary Program (NDP) and Signature Documentary Program (SDP).<sup>3</sup> ASTRA agrees that Screen Australia should focus its support on the development of Australian intellectual property and considers that projects which have proved to be successful overseas carry less inherent risk than productions created and developed solely within Australia.

However, while ASTRA supports the prioritising of original Australian documentary formats, we do not consider that projects should be automatically excluded from any documentary funding purely on the basis that they are foreign formats. Projects should be assessed on a case-by-case basis on how well they meet the particular program objective and criteria, and the scope of local adaptation and development work. In recent years, a number of foreign formats have been licensed to Australian broadcasters which have been successfully adapted into programs which reflect the Australian sense of culture, identity and viewpoint on particular social issues.

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<sup>1</sup> Draft Guidelines, p.3

<sup>2</sup> Draft Guidelines, p.7

<sup>3</sup> Screen Australia Program Guidelines: Documentary Programs (8 November 2013).

## Responsiveness to an evolving media landscape – licence fee thresholds

ASTRA strongly supports the greater flexibility proposed in the Draft Guidelines by removing minimum licence fee requirements for broadcast presales in relation to the 'Vision and Voice' and 'Meaning and Market' programs. As we stated in our submission to the Discussion Paper, the minimum thresholds currently set for the GDP and NDP do not reflect the commercial realities of the STV business model, and make accessing Screen Australia funding difficult for some STV channel providers.

However, ASTRA is disappointed that minimum licence fee thresholds are proposed to apply to funding under the 'Premium Documentary Program'. As Screen Australia itself notes, encouraging "large-scale projects with a sense of ambition and high production values" is challenging given "the increasing difficulties in securing finance, and the high risk for broadcasters and other investors".<sup>4</sup> To set minimum licence fee thresholds creates a further disincentive for the STV sector to invest in such commercially risky productions. In ASTRA's view, flexibility regarding licence fees should be extended across all Screen Australia documentary funding programs, to allow the market to determine the value of documentaries and explore more creative pathways for documentary funding.

The proposed minimum licence fee of \$200,000 does not reflect the licence fees paid for documentaries in the market, or other genres for that matter (for example high-end scripted programming). ASTRA members would prefer flexibility in how productions are funded so to maximise their investment. It assumes that if a broadcaster pays a market based licence fee it will not provide additional funding to get it to air, when that is exactly the reason a broadcaster will licence a production.

As an example, it is a requirement for most production licence fees that the fees contribute to the total documentary production budget. Therefore the best, but higher risk outcome from a producer perspective is that the documentary makes a return from other sale sources. However, if the producer was instead offered (1) an upfront producer fee which may also be incentivised based on delivering on budget and on time, as well as (2) a share of additional revenue sales, that may be a more attractive, less risk option to the producer. This kind of structure is limited in a minimum fee-enforced structure.

For the purpose of the licence fee amount there should also be distinctions made between how ASTRA members generally treat documentary productions as opposed to the FTA broadcasters. The latter broadcast the production once, maybe twice, to almost all of the Australian population, with the commercial FTA broadcasters and SBS able to monetise advertising space against that audience. ASTRA members have a more limited and niche audience to exploit the program. In addition, the STV sector is investing in more diverse, less traditional ways to deliver and expand the reach of its content. Just as there are distinctions made for funding of online documentaries, there is no reason why such distinctions cannot be made against different operating television platforms.

To be clear, this position should never be interpreted as a desire to lower producer returns; rather it should reflect the maturity in the Australian market that broadcasters and producers need to co-exist, support each other and mutually extract the best value from their inputs. ASTRA and its members support and need a viable local production industry to fulfil their content promise to subscribers.

On the proposed \$200,000 minimum fee it is unclear if it is a one-off, or applies for a specific duration (for example, per each half or one hour). If the minimum fee was to be retained (and to reiterate this is not ASTRA's preferred position) then ASTRA would seek:

- it be paid as a one-off fee (whether the production is one or two hours); and

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<sup>4</sup> Draft Guidelines, p.5

- no limits be placed on the exploitation rights by that ASTRA member given the diversity of transmission methods available.

## **Role of broadcasters**

### Investment and slate management principles

ASTRA supports the retention of the investment and slate management principles, provided the STV sector is fully included in consultations with broadcasters and producers regarding the year's slate and upcoming priorities.

ASTRA also welcomes recognition by Screen Australia that an appropriate balance needs to be found between funding content for traditional platforms for documentary audiences and platforms that expand documentary viewing to new audiences.<sup>5</sup>

### Notional broadcaster funding split

ASTRA fully supports Screen Australia's proposal that the current notional allocation of funds across the various broadcast platforms be discontinued. As stated in our submission to the Discussion Paper, direct investment of taxpayer funds into Australian content production should be fully contestable. In particular, organisations that already receive substantial Government support should not receive preferential treatment in what should be an open contest for content funding based on the merits of the proposed program.

ASTRA recognises that discontinuing the current notional funding split may lead to a period of adjustment for both the production sector and the national broadcasters. However, the fact that the funding process has historically operated in a particular way is not, in itself, a valid reason to maintain it. ASTRA submits that the likely long-term benefits for Australian documentary production would more than outweigh any short-term uncertainty, including the encouragement of wider and more diverse investment in Australian documentary production, and the potential for more innovative and original programming from a broader selection of content producers.

We note that Screen Australia expects that "across the year broadcasters are likely to attract a similar proportion of Screen Australia's funds as when the allocations were in place". While this may or may not be the case, ASTRA reiterates our firm support for fully contestable funds for documentary programming, with funding decisions based solely on Screen Australia's identified principles of quality, diversity and innovation.

## **Supporting a strong creative vision**

### Decision making criteria

The proposed funding decision criteria for the 'Vision and Voice', 'Meaning and Market', and the Premium Documentary funding programs are more detailed than those for the NDP and GDP under the existing Guidelines, and tend to reflect the existing Signature Documentary Program criteria. Under the existing NDP and GDP, investment decisions are essentially made against the following criteria:

- strength of the proposal, including its cultural and national significance;
- track record and capacity of the creative team;
- the project's potential to connect with its target audience;
- strength of the marketplace (ie level of co-finance excluding Screen Australia and the state agencies).

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<sup>5</sup> Draft Guidelines, p.7

Under the proposed 'Meaning and Market' program, for example, the proposed funding criteria are much more detailed.

Whereas existing criteria provide for general consideration of the strength and cultural significance of a program, the proposed criteria could see the decision-maker conduct a much more detailed examination of creative aspects of the project by reference to concepts of distinctiveness, clarity, boldness and quality – factors which may require considerably more subjective interpretation. In relation to relevance to, and resonance with Australians, the proposed criteria would see even further assessment by reference to factors including ability engage and ability to enlighten. There is a risk that a longer 'check-list' with many more factors to consider will lead to Screen Australia making editorial judgements that more correctly sit with the applicant.

In ASTRA's view, the key consideration – which is included in the proposed 'Meaning and Market' criteria – is understanding of audience and pathway to viewers. We believe that Screen Australia should support projects that viewers are keen to watch, and note that STV is particularly well placed to understand niche audiences and experienced in delivering content tailored to them.

### **Incentives for high-end documentaries**

ASTRA agrees that Screen Australia has a clear role in supporting "high-end" documentaries that would otherwise be too commercially risky. However, as stated above, the requirement for minimum broadcast licence fees will make accessing the 'Premium Documentary Program' difficult for the STV industry. Similarly, there is a risk that a minimum budget requirement of \$1 million per hour is too high and will preclude these types of documentaries being made. A more appropriate threshold might be \$750,000 per hour.

With the Draft Guidelines indicating that there would be a notional allocation of \$3–\$5 million to the Premium Documentary Program there would be a significant missed opportunity for the STV industry if the threshold is set too high.

### **Streamlining administration**

As ASTRA argued in its submission to the Discussion Paper, the range and complexity of Screen Australia's current documentary funding programs could be reduced over time, and application procedures streamlined to be more efficient, to the benefit of both Screen Australia and applicants. The process is lengthy, and the paperwork onerous, which increases costs for producers, including the cost of legal review.

ASTRA agrees there is value in providing more funding in the form of grants rather than recoupable investments. As we previously argued, the more streamlined grant process provides a model of a simpler scheme, and we would support Screen Australia increasing the grant threshold above the current \$200,000 maximum.

ASTRA notes that there is no indication that the existing forms and required documentation for funding applications are to be revised or reviewed. As we stated in our submission to the Discussion Paper, a more streamlined approach, particularly in relation to the amount of documentation required, could enable a more efficient and effective application process, to the benefit of both the applicant and Screen Australia. ASTRA submits that Screen Australia should consider examining the current forms and procedures as part of its review of documentary funding.